



## **2014 State of the State**

Remarks by Governor Janice K. Brewer

Jan. 14, 11 a.m.

El Conquistador Hotel, Tucson

Thank you, Kurt, and good afternoon, everyone!

As always it's wonderful to be in Southern Arizona and see so many long-time friends and colleagues here today.

Let me begin by thanking Pastor Mark Maddox for his heart-felt invocation, and give a big "thank you" to the Canyon Del Oro Canyon singers.

Well done!

I would also like to thank my Southern Arizona team who works hard to represent and advocate on behalf of local issues.

Britann O'Brien is head of my Southern Arizona office, and does a great job representing YOUR interests in the Governor's office.

Additionally, let me thank Kurt Wadlington, Mike Varney and the entire Tucson Metro Chamber for hosting this annual event.

They and their staff do a tremendous job on behalf of the business community -- including putting this wonderful event together today ... again thank you all so much.

I'm grateful that the Southern Arizona business community has been supportive of several landmark tax cuts and regulatory reforms that I will discuss in further detail, in just a moment.

And I'm also glad to see Representative Ethan Orr here today. Your support for our policies that help Arizona businesses has been invaluable.

When I first became Governor, we faced the daunting task of navigating the state I love out of the bleakest recession in our history ... and back onto the path of prosperity and opportunity.

I recognized that overcoming this challenge would be difficult and painful. It would require honest leadership and tough decision-making.

And then – of course – there are challenges we can never predict ... challenges that test our resolve.

This past year, Arizona experienced one of the worst tragedies in our history as we lost 19 heroic firefighters at Yarnell Hill.

That June day will forever be etched into our hearts ... the brave 19 and their families forever in our prayers.

Please stand and join me in a moment of silence to honor these fallen firefighters.

Thank you.

Today, I am proud of the progress we've made in the past 5 years to bring about the Arizona Comeback.

We steered Arizona out of a debilitating recession and implemented historic reforms and long-term structural improvements that secure Arizona's prosperity for generations to come.

It's been a challenge -- one I could not have fully managed without constant support and guidance from my family.

I also appreciate the support from the people of Arizona, lawmakers, the business community, and countless others. Together, we have worked hard to guide Arizona out of the historic recession we inherited.

As my hero Ronald Reagan said during his 1967 inaugural as Governor of California – and I quote:

*“We will put our fiscal house in order. And as we do, we will build those things we need to make our state a better place in which to live ... and we will enjoy them more, knowing we can afford them ... and they are paid for.”*

I am proud to report to you today that Arizona’s fiscal house is in order and ... together ... let’s keep it that way.

We’ve come a long way in a short time:

In 2009, Arizona’s budget was irresponsibly drained. After years of unsustainable spending, we had the worst budget deficit of any state.

Today, we’ve reined in government spending by consolidating, eliminating and transforming our operations.

In 2009, Arizona had a 3 billion dollar deficit.

Today, Arizona boasts a healthy state surplus and a replenished Rainy Day Fund.

Most impressively, we ended this past fiscal year with nearly 900 million dollars in the bank.

There is no doubt: Arizona is back on track!

We also remember that our state was swept up in some of the worst unemployment in our history, and Arizona businesses and families struggled to stay afloat.

Today, we’ve turned things around.

With help from the Arizona Commerce Authority and our historic tax reforms, our employers have created nearly 175,000 new jobs with an impressive 4.3 billion dollars in new capital investment.

In 2009, Arizona was ranked among the worst states in antiquated, business-stifling tax policies.

Today, we're among the best for attracting and helping our businesses grow and thrive.

We lowered business property and equipment taxes, lowered corporate income taxes, and lowered capital gains taxes.

We even simplified sales taxes from a confusing, multi-city, multi-layered process to a single collection and audit.

Don't let anyone fool you. The tax and regulatory environment in our state matters. Businesses across the nation and the world are watching.

Our message to job creators has been heard: Arizona is open for business!

We now have more jobs, more businesses and more opportunities for growth and prosperity.

And I'm in good company believing that.

Arizona is ranked in the Top 10 by CEOs nationwide -- and Forbes Magazine recognized us as the NUMBER ONE state for expected job growth.

It's no surprise we have attracted and expanded major companies like Apple, GM, Intel, and Ascent Aviation at the Tucson International Airport and many, MANY more.

And I'm confident more are on the way.

About 90 percent of businesses in Southern Arizona are considered small businesses. They are responsible for two-thirds of job growth in this country.

Their ability to thrive depends on how much government burdens them with regulation and taxes.

Our focus on job creation continues to pay off. That's because we've listened to what businesses need ... and what attracts more of them to Arizona.

We addressed the issues around uncompensated care and the hidden health care tax by again listening to the business community and honoring the will of the people.

When the federal government shut down, we worked hard to re-open the Grand Canyon during a crucial time for our tourism industry. In doing so, we recovered more than one million dollars in revenue per day, benefiting our communities, businesses and the economy.

We stood united in saying to Washington: Do your job! Keep the Grand Canyon open ... Government should never close that which God has created!

Arizona's ability to deal with our own issues stands in sharp contrast to the federal government's inability to deal with their core responsibilities -- like securing the border, fixing immigration and righting our national fiscal ship.

On behalf of the people of Arizona, I say to the President and Congress: quit fighting ... and get to work for the American people.

Unfortunately, we can't fix Washington from here.

But we can, and will continue, to show the nation how it's done.

Our hard work makes it all the more rewarding to stand here today and confidently proclaim that the spirit of Arizona is strong ... and so is the state of our state.

While some pundits and naysayers may try to brush aside such groundbreaking changes, we continue to lead with practical and principled initiatives that drive Arizona forward.

We must keep Arizona competitive – in our tax structure, our education systems, and our limited government – all of which are essential to a thriving economy.

Certainly, improving Arizona's business climate has been a hallmark of these past five years.

And, as thrilled as I am with everything we've accomplished on behalf of Arizona businesses, I'm equally proud of the work we've done on behalf of Arizona families.

From school choice policies that give parents the power to decide their children's education ...

To life-affirming legislation protecting the unborn ...

Together, we have pursued and protected the values most important to Arizona's families – and Arizona's future.

The historic initiatives we have enacted these past few years have been transformational.

We are not done – and we will remain unrelenting.

Let's continue to face our challenges head-on. Now is not the time to rest on our accomplishments.

Our immediate challenge is to transform our child protection system to ensure the safety and well-being of Arizona's abused and neglected children.

I know this: All of us care ... and Arizona must do better.

We created the Office of Child Welfare Investigations as an instrumental first step.

Thanks to OCWI, we discovered the horrifying truth that some at CPS failed to investigate – or even respond to -- thousands of reports of child abuse.

This is unconscionable!

I created the independent CARE Team to oversee the investigation of these cases and to identify areas of concern within CPS.

I also ordered the Department of Public Safety to conduct an administrative review to determine why these cases were not investigated.

I want to report that the CARE Team is making tremendous strides. To date, nearly all of the cases have been assigned and more than 3,000 children have been seen by CPS staff or local law enforcement.

I also want to express my appreciation to Charles Flanagan, the entire CARE Team, and the CPS staff working with them, for their dedicated efforts getting eyes on these children.

But our job is far from over.

It is evident that our child welfare system is broken -- impeded by years of structural and operational failures.

It breaks my heart and makes me angry!

Enough with uninvestigated reports of abuse and neglect! Enough with the lack of transparency! And enough with the excuses!

Yesterday, I signed an Executive Order that abolishes CPS as we know it and establishes a new Division of Child Safety and Family Services -- with its own Cabinet-level Director who reports to me.

And I've asked Charles Flanagan to serve as the director.

However, we need to go even further.

The time has come to statutorily establish a separate agency that focuses exclusively on the safety and well-being of children, and helping families in distress without jeopardizing child safety.

I have called on the Legislature to work with me to codify a new permanent agency.

Child safety must be the priority and become embedded in the fabric of this new agency.

It is our legal and moral duty.

Another challenge that has confronted us for far too long – and has been a cornerstone of my career – is behavioral health.

For more than three decades, Arizona has been forced to live under court direction because we failed our Seriously Mentally ill population.

As governor, I insisted that we properly fund and fundamentally reform behavioral health into a holistic, community-based system.

I'm pleased that over the past two years, with good faith negotiations in the Arnold v. Sarn litigation, this goal was accomplished.

This win-win solution allows the seriously mentally ill to participate in society in a more meaningful way, and to receive the services and care they require and deserve.

We also introduced metrics to evaluate the system and hold it accountable.

As a result of these historic reforms, I was proud to announce last week an agreement – subject to final court approval – that will end the Arnold v. Sarn litigation, while reaffirming Arizona's commitment to a community-based behavioral health care system.

Now, let me be clear:

While this watershed agreement ends more than 30 years of litigation, it is structured so that if a future Governor or Legislature fails to live up to its terms, plaintiffs will be able to reopen the case.

This should never happen. Arizona's system is working – and is now a national model.

We also are working to create a model for states dealing with another difficult challenge:



Human trafficking traumatizes 27 million victims worldwide and targets women and children, turning many into sex slaves.

It may shock you to know that it happens right here in Arizona.

Last year, I established a Human Trafficking Task Force to address this problem. Co-chaired by Cindy McCain and Gil Orrantia, the task force recommended ways to better protect victims, to increase penalties for perpetrators and to end these horrible crimes.

I have asked legislators to strengthen Arizona law to give prosecutors and law enforcement more tools to combat this evil and better protect victims.

We also will launch an awareness campaign so Arizonans will know what to look for and how to report it -- and victims will know how to seek help.

Further, I will create a Human Trafficking Council to coordinate efforts statewide to address this crime.

To all the victims of human trafficking out there: We have not forgotten you ... don't give up ... help is on the way.

To the criminal traffickers, I say: your days are numbered!

I firmly believe in this great state of Arizona, in our ability to address our challenges and to be successful in pursuing tomorrow's potential.

What we are doing today will set the tone for Arizona's economy and job creation for years. Our future quality of life depends on today's decisions.

This year I am calling on the Legislature to approve a package to further boost Arizona's business competitiveness, particularly in technology and manufacturing sectors, which bring high-paying jobs.

Arizona, for example, is one of the few states that impose a sales tax on manufacturers for the power used to create their products.

That puts our current manufacturers -- and ones we hope to recruit -- at a disadvantage.

I'm asking lawmakers to send me legislation to eliminate this tax and increase Arizona's competitive edge!

We recognize that manufacturing is more than just an industry – it is a mighty engine of healthy job creation.

Arizona can be even more competitive. Let me give you a couple of examples.

Celgene has a plant in Arizona making a drug that treats several forms of cancer.

This breakthrough life-saving drug is produced only in Arizona – and it was developed in Arizona thanks to a partnership with TGen and others.

Another example of TGen's important work is its collaboration on cancer research with Ventana Medical Systems in Oro Valley.

I'm looking forward to coming back soon to learn more about bioscience research being developed RIGHT here in Southern Arizona.

It is this type of innovative, research-driven and idea-to-market manufacturing system that ultimately produces good jobs and a healthy economy.

To that end, it is imperative to have a stable, dedicated funding source for TGen to continue its valuable role as a catalyst in developing Arizona's bio-science industry.

Let's help Arizona develop more pipelines of innovation -- connecting quality research, a stellar workforce, and competitive manufacturing from beginning to end.

For Arizona to remain competitive on all fronts, we also cannot ignore transportation, water and other infrastructure demands. These are all paramount to creating jobs, attracting capital investment and ensuring a sustainable future.

Together, we must be honest and have an open dialog about workable solutions to address these critical needs.

Of course, none of our progress toward economic prosperity will ultimately work if we do not improve our K-12 schools.

By 2018, three out of five jobs in Arizona will require post-secondary training.

Our students must be better prepared for the challenging and competitive world they will soon enter.

That means we stop funding the status quo... and instead reward innovation and measured outcomes ... and fund the results we want.

I am asking legislators to approve an ambitious and historic education proposal, which I call Student Success Funding.

Under this plan, we will reward improved student performance, and we will incentivize and replicate success.

Also, reforms are needed in higher education.

For example, Arizona families working hard to save enough for their kids to seek a university degree are flat-out tired of unpredictable tuition hikes.

Arizona students and families need stability and affordability in their college education.

To ensure that these twin goals are met, I am asking our Arizona Board of Regents to develop a plan and adopt a policy that guarantees stable in-state tuition levels for the four years it should take a student to graduate.

Students expect it. And Arizona's tax-paying parents deserve it!

I see that University of Arizona President Dr. Ann Weaver Hart is here with us today, along with Dr. Shane Burgess, Dean of the College of Agriculture and Life Sciences. Thank you both for being here and for all the great work you do for Arizona.

And while I'm at it ... I'd like to give a shout-out to our undefeated Wildcat basketball team – number one in the nation!

The U of A -- our first university -- is a leading example of innovation and top quality education.

One of the U of A's important missions, Cooperative Extension, engages people throughout Arizona with applied research and education that improve our quality of life, the environment, and communities.

Understanding that this program is important, it will be addressed in my budget, which I will unveil Friday.

Few things have a greater positive economic impact in Arizona communities than our military bases. Davis-Monthan and Fort Huachuca are a huge part of the Southern Arizona economy.

And their missions are critical to the long-term defense needs of our nation.

All together, Arizona bases contribute more than 9 billion dollars to our economy annually -- while safe-guarding our great country.

I would personally like to thank two of our commanders here today: Colonel Kevin Blanchard from Davis Monthan, and Colonel Jeffrey Jennings from Fort Huachuca.

Please stand so we can recognize you for all you do to protect this great nation.

Thank you for your service.

We are more prepared to help the military accomplish its diverse missions than nearly any other state. I remain committed to protecting and enhancing Arizona's military bases.

That is why I will direct the Military Affairs Commission to develop a strategic plan for sustaining their missions.

We must be ready to protect Arizona military installations if the federal government moves to close or realign more bases.

This year, I am calling on the Legislature to renew support for the Military Installation Fund.

That money will be used specifically to mitigate property encroachment and preserve military land use projects – without throwing that financial burden on private property owners.

Protecting our military is good for Arizona – and good for America.

I've been returning to the Capitol now for more than 30 years, uniting with my fellow public servants in pursuit of a shared mission: to stand up for the people we are entrusted to serve ... to keep our honor clean ... and to leave Arizona better – and freer – than we found it.

For little more than a century, representatives of the people have come to the Capitol, to lift it toward its prosperous destiny; to bring great fruit from this beautiful desert land; to hold our citizens safe from harm, and to provide children the knowledge, industry and character that will make and keep them free.

Great men and great women from all over Arizona have graced those halls with their honorable public service.

We should aspire here to rank among the best of them. For this state was built by others before us, and eventually will be left to others who will follow.

It is ours to love only for a time. May we love it wisely, and lead it well.

Ten years from now – whether I run again or not – I will be working in my garden, and will look back with pride.

And if I can borrow a sentiment from Ronald Reagan, I will be uplifted knowing we weren't just marking time. We made a difference. We made this great state stronger; we made it freer; and we left her in good hands.

May God bless us in that work, and may God forever bless and protect the great State of Arizona and the United States of America.

Thank you.